

Message Text

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ACTION COME-00

INFO OCT-01 NEA-10 ISO-00 EB-07 L-03 FRB-03 TRSE-00 OMB-01

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P R 131147Z JUN 75

FM AMCONSUL KARACHI

TO SECSTATE WASHDC PRIORITY 8933

INFO AMEMBASSY ISLAMABAD

LIMITED OFFICIAL USE KARACHI 1165

E. O. 11652: N/A

TAGS: BEXP, PK

SUBJECT: CHEMTEX PROPOSAL FOR POLYESTER FIBER PLANT

REF: KARACHI 1111

SUMMARY WE HAVE BEEN INFORMED THAT SECRETARY, MINISTRY OF PRODUCTION HAS CANCELLED PLANNED VISIT OF TWO PAK OFFICIALS TO DUPONT AND ROHM AND HAAS PLANTS AND THAT FIVE FIRMS (INCLUDING ICI) HAVE NOW BEEN INVITED TO KARACHI IN LATE JUNE FOR FINAL NEGOTIATIONS FOR POLYESTER PROJECT. OUR CONTACTS BELIEVE UPSET OF WELL ARRANGED SCHEDULE, WHICH WAS LEADING TO CHOICE OF CHEMTEX FOR CONSTRUCTION POLYESTER PLANT, LIKELY DUE TO BEHIND THE SCENES WIRE PULLING IN ISLAMABAD BY ICI.

1. CONTACTS IN PROJECTS DIVISION, FEDERAL CHEMICAL AND CERAMICS CORP (F.C.C.C.) INFORMED CONGENOFF JUNE 12 THAT SECRETARY, MINISTRY OF PRODUCTION, S.B. AWAN HAD RECENTLY ORDERED FCCC CHAIRMAN, MAHMOOD AHMED, TO CANCEL PLANNED TRIP OF FCCC OFFICIALS TO DUPONT AND ROHM AND HAAS PLANTS SCHEDULED FOR JUNE 15, 1975, AS REPORTED REFTTEL. IN ADDITION AWAN REPORTEDLY INSTRUCTED AHMED INVITE ALL FIVE FIRMS ON "SHORT LIST" INCLUDING ICI, TO KARACHI IN LATE JUNE FOR FINAL NEGOTIATIONS REGARDING THEIR PROPOSALS FOR POLYESTER PLANT PROJECT.

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2. OUR CONTACTS EXPRESSED CONCERN THAT ICI HAS APPARENTLY BEEN

SUCCESSFUL IN CIRCUMVENTING ESTABLISHED BID PROCEDURE WHICH ALL OTHER CONTENDERS FOLLOWED AND HAVE, THROUGH INFLUENCE WITHIN MINISTRY OF PRODUCTION, BEEN ABLE TO HAVE ITS PROPOSAL RECONSIDERED ON AN EQUAL BASIS WITH CHEMTEx/DUPONT AFTER FCCC EXPERTS HAD REJECTED THE PL OFFER. SOURCES BELIEVE CERTAIN THAT ICI REPRESENTATIVES WILL VISIT PAKISTAN AS REQUESTED AND WILL MAKE A VERY COMPETITIVE PROPOSAL. (BRITISH ICI REP HERE HAS ALREADY FLOWN TO LONDON PROBABLY TO PREPARE BID.) THEY FEAR THAT IN CLOSE RACE ICI MAY OBTAIN CONTRACT OVER CP MTEX/DUPONT PROPOSAL DUE TO ICI'S PROVEN POLITICAL INFLUENCE IN ISLAMABAD. OUR FCCC CONTACTS RESENT PAST ICI FAILURE TO MEET BID DEADLINES OR ENTER INTO MEANINGFUL DISCUSSIONS AT TECHNICAL LEVEL. THEY CONSIDER COMPANY'S INCLUSION ON SHORT LIST AT PRESENT TIME AND INVITATION TO PRESENT OFFER AS UNFAIR TO OTHER FIRMS WHICH HAVE VIGOROUSLY PURSUED PROJECT FROM OUTSET. OUR FCCC SOURCES AT TECHNICAL LEVEL BELIEVE ICI'S INFLUENCE AS A LONG-ESTABLISHED FIRM IN PAKISTAN NOW BEING EXPLOITED UNDULY TO DISADVANTAGE OF OTHERS, SINCE ICI HAD PREVIOUSLY BEEN EXCLUDED FROM SHORT LIST BY FCCC BECAUSE THEIR PROPOSAL WAS INADEQUATE.

3. COMMENT: DEVELOPMENTS AS THEY HAVE JUST UNFOLDED TEND TO CONFIRM OPINION EXPRESSED IN RECENT ISSUE OF PAKISTAN ECONOMIST THAT AUTHORITY BIM CORPORATIONS, INCLUDING FCCC, HAVE BEEN SEVERELY UNDERMINED BY HIGH RANKING "GENERALISTS" OF MIN PRODUCTION WHO OPERATE BEYOND ORIGINAL MANDATE AND ARE REDUCING EFFECTIVENESS OF WHOLE BIM. WE WILL HAVE MORE TO REPORT FOLLOWING DPO'S TALK WITH FCCC CHAIRMAN MAHMOOD AHMED AT DINNER TO BE GIVEN BY LATTER ON JUNE 14.

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